

# Legislative Digest

Week of August 2, 1999

Vol. XXVIII, #23, July 30, 1999

J.C. Watts, Jr.  
Chairman  
4th District, Oklahoma

## Monday, August 2

*House Meets at 12:30 p.m. for Morning Hour and 2:00 p.m. for Legislative Business  
(No Votes Before 6:00 p.m.)*

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H.R.2606 FY 2000 Foreign Operations Appropriations Act

## Tuesday, August 3, and the Balance of the Week

*Tuesday, House Meets at 9:00 a.m. for Morning Hour and 10:00 a.m. for Legislative Business  
Wednesday and Thursday, House Meets at 10:00 a.m. for Legislative Business  
Friday, House Meets at 9:00 a.m. for Legislative Business*

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⇒H.R.____	FY 2000 Commerce, Justice, State, and the Judiciary Appropriations Act	
⇒H.R.____	FY 2000 VA/HUD Appropriations Act	

⇒To be published in a future issue of the *Legislative Digest*

Brian Fortune: *Managing Editor*

Kevin Smith: *Senior Legislative Analyst*

Mary Rose Baker, Scott Galupo,  
Brendan Shields, & Heather Valentine:  
*Legislative Analysts*

House  
REPUBLICAN  
Conference

Legislative  
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# Broadening the Range of Discount Window Loans

H.R. 1094

Committee on Banking & Financial Services

No Report Filed

Introduced by Mr. Leach *et al.* on March 11, 1999

## Floor Situation:

The House is scheduled to consider H.R. 1094 under suspension of the rules on Monday, August 2, 1999. It is debatable for 40 minutes, may not be amended, and requires a two-thirds majority vote for passage.

## Summary:

H.R. 1094 broadens the range of discount window loans that may be used as collateral to back currency. The 1913 Federal Reserve Act requires the Federal Reserve to back currency when it is issued (i.e., the bank must hold certain kinds of assets in an amount at least equal to the amount of currency in the hands of the public). The list of eligible collateral includes treasury and federal securities, gold certificates, Special Drawing Right certificates, foreign currencies, as well as certain discount window loans.

A discount window is a figurative term for a Federal Reserve Bank that extends credit directly to eligible depository institutions. The basic type of credit available at the discount window is short-term adjustment credit intended to help institutions relieve temporary cash shortages. The discount window serves as a last resort—borrowers must try to secure loans elsewhere first and must provide collateral as security for loans. The term derives from the practice whereby bankers would come to a Reserve bank teller window to obtain credit in the early days of the Federal Reserve System.

Current law limits the types of discount window loans the Federal Reserve may use to back currency. For example, certain discount window loans secured by mortgages on certain family residences may not be used. The margin of available extra currency collateral has been shrinking due to the growth of retail sweep accounts, which reduces reserve balances and causes a corresponding reduction in Treasury securities held by Federal Reserve Banks. The small margin of available collateral may pose a potential problem should the demand for discount window loans substantially increase due to temporary or unusual circumstances, such as the Year 2000 date change. As a result, the Federal Reserve believes that expanding the types of assets eligible to back currency is necessary to ensure flexibility in times of high loan demand.

## Costs/Committee Action:

A CBO cost estimate was unavailable at press time.

The bill was not considered by a House committee.



*Kevin Smith, 226-7862*

# **Honoring Eileen Collins as the First Female Space Shuttle Commander**

**H.Res. 267**

Committee on Science

No Report Filed

Introduced by Ms. Morella on July 29, 1999

## **Floor Situation:**

The House is scheduled to consider H.Res. 267 under suspension of the rules on Monday, August 2, 1999. It is debatable for 40 minutes, may not be amended, and requires a two-thirds majority vote for passage.

## **Summary:**

H.Res. 267 congratulates the crew of the recently completed space shuttle mission and honors Colonel Eileen Collins for being the first female commander of a U.S. space shuttle. Specifically, the resolution recognizes the contribution of Colonel Collins to the advancement of women in science and invites the space shuttle crew to be honored and recognized by the House for their achievements.

On July 23, 1999, Shuttle Mission STS-93, the 26<sup>th</sup> flight of the space shuttle *Columbia*, launched to deploy the Chandra X-Ray Observatory (formerly known as the Advanced X-ray Astrophysics Facility). This observatory will collect data on X-rays from high-energy regions of the universe (e.g., hot gas in the remains of exploded stars) to further our understanding of the structure and evolution of the universe. The crew landed the shuttle at Kennedy Space Center on July 27 after successfully completing its mission.

Colonel Eileen Marie Collins was the first woman space shuttle commander. Collins graduated in 1979 from the Air Force Undergraduate Pilot Training at Vance AFB in Oklahoma. After graduating, Collins served as an instructor pilot and an aircraft commander before entering the Air Force Institute of Technology. She was then assigned to the U.S. Air Force Academy where she was an assistant professor in mathematics and a T-41 instructor pilot. She was selected for the astronaut program while attending the Air Force Test Pilot School at Edwards AFB, California, from which she graduated in 1990. She has logged over 5,000 hours on 30 different types of aircraft.

Collins became an astronaut in 1991. In 1995, she became the first woman pilot of a space shuttle on STS-63, the first flight of the joint Russian-American Space Program. In 1997, Collins flew on NASA's sixth shuttle mission to rendezvous and dock with the Russian space station *Mir*. Collins' accomplishments in the space program have made her a role model for women pursuing an education and career in scientific fields.

**Committee Action:**

H.Res. 267 was not considered by a House committee.



*Mary Rose Baker, 226-6871*

# American Inventors Protection Act

## H.R. 2654

Committee on the Judiciary  
H.Rept. 106-\_\_\_\_  
Introduced by Mr. Coble on July 30, 1999

### Floor Situation:

The House is scheduled to consider H.R. 2654 under suspension of the rules on Monday, August 2, 1999. It is debatable for 40 minutes, may not amended, and requires a two-thirds majority vote for passage.

### Summary:

H.R. 2654 includes a series of initiatives intended to protect the rights of inventors, enhance patent protections, and reduce patent litigation. Specifically, the bill:

- \* requires invention promoters, when evaluating the marketability of their customers' inventions, to include in a written contract the approximate amount of fees for promotion services, as well as a clearly displayed statement that the customer may cancel the contract;
- \* permits inventors to recover attorneys' fees in addition to actual damages or \$5,000, whichever is greater, in successful claims against promotion service fraud;
- \* provides a "first inventor" defense against a lawsuit for patent infringement whenever an inventor of an unpatented idea uses the invention but does not patent it. Currently, patent law does not guard original inventors from being sued when a subsequent user, who patents the idea at a later time, files a lawsuit for infringement against the creator of the invention;
- \* requires the Patent and Trademark Office (PTO) to notify an inventor within 14 months whether his application for a patent is accepted or rejected;
- \* prohibits the PTO from releasing patent applications to the public without the authorization of the PTO Director; and
- \* requires inventors to apply to the PTO Director for a reexamination of a patent application rejection and prohibits individuals from filing for another reexamination before the first one is completed.

### Costs/Committee Action:

A CBO cost estimate was unavailable at press time.

The bill was not considered by a House committee.

*Scott Galupo, 226-2305*

# **Relief of Global Exploration and Development Corporation, Kerr-McGee, and the Menominee Indian Tribe**

**S. 606**

Committee on the Judiciary

No Report Filed

Introduced by Senator Nickles on March 15, 1999

## **Floor Situation:**

The House is scheduled to consider S. 606 under suspension of the rules on Monday, August 2, 1999. It is debatable for 40 minutes, may not be amended, and requires a two-thirds majority vote for passage.

## **Summary:**

S. 606 authorizes the Treasury Secretary to make three payments, totaling \$51.6 million, to the Global Exploration and Development Corporation, the Kerr-McGee Corporation, and the Menominee Indian Tribe of Wisconsin. In addition, the measure makes it illegal for any individual to teach, demonstrate, or distribute information to anyone on making or using explosives, destructive devices, and weapons of mass destruction if he knows that the person intends to commit a federal crime of violence. S. 606 establishes a penalty of a prison term of up to 20 years and/or a fine for committing this offense.

## **Background:**

### **The Global Exploration and Kerr-McGee Case**

In 1964, the Global Exploration and Development Corporation and Kerr-McGee Chemical, LLC (formerly Kerr-McGee Chemical Corporation) filed applications for phosphate prospecting permits in the Osceola National Forest. The Interior Secretary granted them permits with the consent of the U.S. Forest Service. Phosphate deposits were subsequently discovered. The companies then filed applications with the Interior Department for leases to mine the deposits in January 1969, following a determination by the U.S. Geological Survey, the Bureau of Mines, and the Office of Minerals Policy Development that “valuable deposits” had been found—worth between \$100-300 million in 1970s dollars. Nevertheless, the leases were not issued.

Kerr-McGee sued in 1973 and Global Exploration filed suit in 1978 seeking the immediate issuance of the leases. In 1981, the Forest Service began setting out the requirements for “reclamation”—i.e., the process by which a site is mined and theoretically returned to its former condition. The Interior Department concluded that reclamation technology did not exist based on an “environmental assessment” released in January 1983. Based on that conclusion, the applications were finally rejected. Neither Global Exploration nor Kerr-McGee were given the opportunity to comment on the feasibility of reclamation, an opportunity the department was required by law to afford.

In 1984, Congress enacted the Florida Wilderness Act (*P.L. 98-430*) to prohibit phosphate mining leases in Osceola, which vitiated the plaintiffs' legal remedy to have the assessment decision reversed. The companies continued to pursue their case in federal district court and the Court of Appeals for the D.C. Circuit to no avail. In 1992, Congress determined that the U.S. Court of Federal Claims had jurisdiction over the suits.

The court ruled that the Interior Secretary made an error in denying the leases without allowing the plaintiffs the opportunity to comment on the environmental assessment. In 1995, the plaintiffs presented at a six-week evidentiary hearing expert testimony showing that they could have reclaimed the land. Before the court handed down its decision, the parties agreed to a joint stipulation of settlement: Global Exploration would receive \$9.5 million and Kerr-McGee would receive \$10 million. S. 606 implements this settlement.

### **Menominee Tribe of Wisconsin Case**

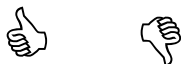
Congress ended the Menominee Tribe's federal trust status under the 1954 Menominee Termination Act, which took effect in 1961. Recognizing the social devastation this caused, Congress restored the tribe's trust status in 1973. In addition to the damage incurred during the 1961-1973 period, the Bureau of Indian Affairs mismanaged the tribe's assets—its forest, mill, and trust funds—which contributed to the tribe's impoverishment.

The tribe sought compensation for both the trust status termination and the bureau's actions, but encountered a series of technical roadblocks in court. The Menominee Tribe sought Congress's intervention and, in August 1998, received the Federal Claims Court's endorsement of a \$32.1 million settlement negotiated with the government. S. 606 authorizes the Treasury Department to withdraw that amount from its "judgment fund" and award it to the tribe.

### **Costs/Committee Action:**

Assuming enactment by August, CBO expects that \$51.6 million in additional discretionary outlays will occur in FY 1999. The bill affects direct spending, so pay-as-you-go procedures apply.

The Senate passed the measure by unanimous consent on July 1, 1999.



*Scott Galupo, 226-2305*

# Copyright Damages Improvement Act

## H.R. 1761

Committee on the Judiciary

H.Rept. 106-216

Introduced by Mr. Rogan *et al.* on May 11, 1999

### Floor Situation:

The House is scheduled to consider H.R. 1761 under suspension of the rules on Monday, August 2, 1999. It is debatable for 40 minutes, may not be amended, and requires a two-thirds majority vote for passage.

### Summary:

H.R. 1761 increases statutory damages and establishes new damages for cases in which a copyright owner demonstrates that a copyright infringement was part of a repeated pattern or practice. Specifically, the bill (1) amends federal copyright law by increasing the minimum damages available for copyright infringement from \$500 to \$750 and raising the maximum damages from \$20,000 to \$35,000; (2) increases the maximum additional damages a court may award from \$100,000 to \$300,000; (3) authorizes a federal court to increase the award of statutory damages to a maximum of \$250,000 in cases where the copyright owner demonstrates that infringement was a repeated pattern; and (4) amends the No Electronic Theft Act (NET; *P.L. 105-147*) to require the United States Sentencing Commission to ensure that the sentencing guideline for intellectual property offenses is sufficiently stringent to deter crimes by considering the retail price and quantity of infringed-upon items.

### Background:

Recently-developed advanced technologies have contributed to the burgeoning copyright piracy of intellectual property that flourishes throughout the world. Last year, industry groups estimate that counterfeiting and piracy of computer software cost copyright holders over \$11 billion. Last year, the United States had a software piracy rate of 25 percent of all sales and corporations lost \$2.9 billion. Moreover, countries throughout the world have piracy rates as high as 97 percent of total sales. This intellectual property theft results in lost U.S. jobs, lost wages, lower tax revenue, and higher prices for software.

By the turn of the millenium, the Internet is projected to have over 200 million users. With the development of new technology, copyright thieves will have a greater incentive to steal works protected by intellectual property law. Moreover, increased access to the Internet will facilitate the distribution of illegally acquired software. Current law does not provide a sufficient deterrent for many individuals who infringe upon copyright law. In fact, many of the users of illegally obtained software are ignorant of the copyright law that protects the developers of intellectual property.

The No Electronic Theft Act, enacted during the first session of the 105<sup>th</sup> Congress, criminalized computer theft of copyrighted works, regardless of whether the defendant derived a financial benefit from the use of

the copyrighted material. Since enactment in December 1997, the Justice Department has prosecuted no cases. In recent testimony given in May 1999, witnesses from the department testified that sentences for intellectual property copyright violations must be strengthened to deter criminal activity.

### **Costs/Committee Action:**

CBO estimates that H.R. 1761 will have no significant impact on the federal budget. The bill does not affect direct spending, so pay-as-you-go procedures do not apply.

The Judiciary Committee reported the bill by voice vote on July 1, 1999.



*Haydn J. Richards Jr., 226-2302*

# Arctic Tundra Habitat Emergency Conservation Act

## H.R. 2454

Committee on Resources  
H.Rept. 106-\_\_\_\_  
Introduced by Mr. Saxton *et al.* on July 1, 1999

### Floor Situation:

The House is scheduled to consider H.R. 2454 under suspension of the rules on Monday, August 2, 1999. It is debatable for 40 minutes, may not be amended, and requires a two-thirds majority vote for passage.

### Summary:

H.R. 2454 codifies two U.S. Fish and Wildlife Service regulations concerning the use of hunting to reduce the population of mid-continent light geese. The regulations will remain effective until May 15, 2001, or until other regulations are issued. The first rule allows an individual to use an unplugged shotgun and an electronic caller to hunt light geese during a normal hunting season when all other waterfowl and crane hunting seasons are closed. The second regulation authorizes certain states to take actions to harvest mid-continent light geese outside of the regular hunting framework. The majority of light geese nest in spring in Arctic and sub-Arctic Canada. The majority of these geese migrate to 24 states (Alabama, Arkansas, Colorado, Illinois, Indiana, Iowa, Kansas, Kentucky, Louisiana, Michigan, Minnesota, Mississippi, Missouri, Montana, Nebraska, New Mexico, North Dakota, Ohio, Oklahoma, South Dakota, Tennessee, Texas, Wisconsin, and Wyoming) for winter.

In 1916, the United States and Great Britain (for Canada) signed the Convention for the Protection of Migratory Birds, which established an international framework to protect and conserve several species of birds. The treaty made it unlawful (unless permitted by regulation) to hunt, take, export, or import any migratory bird included in the terms of the convention. Under the convention, the term “migratory bird” includes all wild species of ducks, geese, brants, coots, gallinules, rails, snipes, woodcocks, crows, and mourning and white-winged doves. The United States has signed similar agreements with Mexico and the former Soviet Union.

In 1918, Congress enacted the Migratory Bird Treaty Act, which implemented the treaty and authorized the U.S. Fish and Wildlife Service (FWS) to regulate hunting and other activities that result in the “take” of a migratory bird. Since then, the FWS has issued numerous federal regulations governing the circumstances under which a hunter may take a migratory bird, including establishing hunting seasons and bag limits for each species. The FWS has also issued regulations, strongly supported by the hunting community, which restrict specific hunting methods. For example, it is illegal to take a migratory bird using (1) a sinkbox or any other type of floating device that places the hunter under water; (2) a motor vehicle or aircraft; (3) live birds or decoys; (4) recorded or electronically amplified bird calls; and (5) any shot except the steel shot, bismuth-tin shot, or other shot approved by the FWS that is nontoxic to waterfowl. Generally, there has been little controversy over these regulations and their enforcement has benefited migratory bird populations.

FWS has been monitoring the population growth of light geese and has seen a dramatic increase in their numbers, a growth of over 4.6 million in 30 years. This expansion has reduced thousands of acres of once thickly vegetated salt and freshwater marsh to the brink of devastation. According to biologists studying the geese, the population has destroyed one-third of the 12,000-mile western coastlines of Hudson and Jones Bays. Because ecological recovery of a cold tundra habitat like this area is slow, scientists estimate that it will take at least 15 years for vegetation to begin to regrow without the grazing of the light geese.

The Arctic Goose Habitat Working Group, comprised of the Canadian Wildlife Service, Ducks Unlimited, the Louisiana, North Dakota, Oregon, and Virginia Department of Fish and Game, the National Audubon Society, and other nongovernmental entities, concluded that the lights geese population should be reduced by at least five percent a year and by 50 percent by 2005.

### **Costs/Committee Action:**

CBO estimates that enactment of H.R. 2454 will have no impact on the federal budget. The bill does not affect direct spending, so pay-as-you-go procedures do not apply.

The Resources Committee reported the bill by voice vote on July 21, 1999.



*Heather Valentine, 226-7860*

# Authorizing the Construction of a Visitor Center at the Home of Franklin Delano Roosevelt

## H.R. 1104

Committee on Resources  
H.Rept 106-141  
Introduced by Mr. Sweeney on March 2, 1999

### Floor Situation:

The House is scheduled to consider H.R. 1104 under suspension of the rules on Monday, August 2, 1999. It is debatable for 40 minutes, may not be amended, and requires a two-thirds majority vote for passage.

### Summary:

H.R. 1104 authorizes the Interior Secretary to transfer administrative jurisdiction over no more than one acre of land within the boundaries of the Franklin Delano Roosevelt National Historic Site to the United States Archivist to build a visitor center. When completed, the center will serve both the FDR home and the FDR Presidential Library in Hyde Park, New York.

The funding needed to construct the visitor center has been secured from both federal and non-federal sources, and the National Archives has set aside \$8.2 million for this purpose. However, the National Archives must have jurisdiction over the property before any construction takes place.

The home, commonly known as Springwood, is where Franklin Roosevelt spent his childhood. During his presidency, he returned there some 200 times. When he died on April 12, 1945, he was buried in the back of the home in the rose garden. Located next door to Springwood, the Franklin D. Roosevelt Library and Museum is the only presidential library to be used by a sitting president. It is also the only presidential library to have a section dedicated to a first lady, the Eleanor Roosevelt wings. The library houses many of Roosevelt's presidential papers, old cars, furniture, and family heirlooms.

### Costs/Committee Action:

CBO estimates that enactment of H.R. 1104 will have no significant effect on the federal budget. The bill does not affect direct spending, so pay-as-you-go procedures do not apply.

The Resources Committee reported the bill by voice vote on May 5, 1999.



*Heather Valentine, 226-7860*

# Arizona Statehood and Enabling Act Amendments

## H.R. 747

Committee on Resources

H.Rept. 106-140

Introduced by Mr. Stump on February 11, 1999

### Floor Situation:

The House is scheduled to consider H.R. 747 under suspension of the rules on Monday, August 2, 1999. It is debatable for 40 minutes, may not be amended, and requires a two-thirds majority vote for passage.

### Summary:

H.R. 747 amends the 1910 Arizona Statehood and Enabling Act to make two changes regarding state trust funds. Under the law, the state receives revenues (deposited into a trust fund) generated from lands granted to it upon admission as a state. The proceeds from the sale of state trust land benefit public schools, state colleges and universities, and other public institutions. The bill allows the State Treasurer to reinvest interest and dividend proceeds (under current law, all proceeds—including interest and dividends—must be paid out to beneficiaries). This change is expected to allow beneficiaries to reinvest a portion of the fund in stocks to offset inflation and provide higher payments to beneficiaries over time.

The bill also allows the state to draw money from the Miners' Hospital Fund to aid the Arizona Pioneers' Home. Currently, the Miners' Fund contains inadequate resources to build and operate a separate hospital for disabled miners. Consequently, miners receive treatment and aid at the Arizona Pioneers' Home; however, under the current Enabling Act, the Pioneers' Home may not receive funds affiliated with Arizona trust lands.

The proposal to reinvest trust fund earnings contained in H.R. 747 was passed by voters in Arizona as Proposition 102 on November 3, 1998. The bill has bipartisan support from the Governor of Arizona, the State Treasurer, the Attorney General, and the state legislature.

### Costs/Committee Action:

CBO estimates that enactment of H.R. 747 will have no significant effect on the federal budget. The bill does not affect direct spending, so pay-as-you-go procedures do not apply.

The Resources Committee reported the bill by voice vote on May 5, 1999.



*Heather Valentine, 226-7860*

# Old Jicarilla Administrative Site Transfer Act

## H.R. 695

Committee on Resources  
H.Rept. 106-256  
Introduced by Mr. Udall *et al.* on February 10, 1999

### Floor Situation:

The House is scheduled to consider H.R. 695 under suspension of the rules on Monday, August 2, 1999. It is debatable for 40 minutes, may not be amended, and requires a two-thirds majority vote for passage.

### Summary:

H.R. 695 directs the Agriculture and Interior Secretaries to transfer an administrative site in San Juan County, New Mexico, to San Juan College. The property, known as the "Old Jicarilla Site," is a 20-acre section of land located in the Carson National Forest near the town of Governador, New Mexico. The Forest Service and the Bureau of Land Management presently manage the land within the National Forest. However, the Forest Service determined that the site is of no further use because it moved its operations to a new administrative facility in Bloomfield, New Mexico. Upon construction of this new administrative facility, the Forest Service did not need the "Old Jicarilla Site," which possesses limited improvements to the land. Since this move, which occurred several years ago, the site has remained unoccupied. San Juan College recently expressed an interest in acquiring the site and continuing its public use for educational and recreational service.

### Committee Action:

The Resources Committee reported the bill by voice vote on July 26, 1999.



*Haydn J. Richards Jr., 226-2302*

# Law Enforcement and Public Safety Enhancement Act

## H.R. 1442

Committee on Government Reform  
No Report Filed  
Introduced by Mr. Calvert on April 15, 1999

### Floor Situation:

The House is scheduled to consider H.R. 1442 under suspension of the rules on Monday, August 2, 1999. It is debatable for 40 minutes, may not be amended, and requires a two-thirds majority vote for passage.

### Summary:

H.R. 1442 amends the 1949 Federal Property and Administrative Services Act to permanently authorize the General Services Administration to transfer surplus federal property to local law enforcement, fire, and rescue authorities. There currently are 13 projects nationwide that are using the temporary authority granted by the FY 1998 Commerce, Justice, State, and Judiciary Appropriations law (*P.L. 105-119*). This authority will expire on December 31, 1999.

When the federal government declares real property as “surplus,” various local entities may apply for the property at no cost if the property is used for activities such as building a school, shelter, or prison, among others. A federal agency must sponsor the no-cost transfer; agencies usually sponsor transfers in keeping with their mission or jurisdiction. If the current law expires, however, the Justice Department may only sponsor the building of prisons, and will be prohibited by statute from sponsoring law enforcement and/or fire training facilities. The legislation will remove this obstacle and permit the department to transfer excess federal property for use in training law enforcement officers and fire and rescue personnel.

### Costs/Committee Action:

CBO estimates that the amount of forgone receipts resulting from enactment of H.R. 1442 will total \$3 million over the FY 2000-2004 period. If the federal government’s inventory of excess and surplus properties increases significantly over that of recent years, CBO estimates that the amount may be higher than \$15 million over the next five fiscal years. The bill affects direct spending, so pay-as-you-go procedures apply.

The Government Reform Committee reported the bill by voice vote on May 19, 1999.



*Scott Galupo, 226-2305*

# Construction Industry Payment Protection Act

## H.R. 1219

Committee on Government Reform  
H.Rept. 106-277, Pt. I  
Introduced by Ms. Maloney on March 23, 1999

### Floor Situation:

The House is scheduled to consider H.R. 1219 on Monday, August 2, 1999 under suspension of the rules. It is debatable for 40 minutes, may not be amended, and requires a two-thirds majority vote for passage.

### Summary:

H.R. 1219 establishes government-wide policies to assure timely payment of contractors, subcontractors, sureties, and suppliers. The bill amends the 1935 Miller Act, which currently requires contractors that work on government construction projects to provide payment bonds to “all persons supplying labor and material.” These bonds guarantee that the suppliers and subcontractors get paid even if the general contractor defaults or declares bankruptcy. The Miller Act caps the total amount of these payment bonds at \$2.5 million. However, this amount has not been increased for inflation or any other reason since 1935. Consequently, the bond level no longer accurately reflects the value of today’s government contracts, as almost all of government contracts issued today exceed \$2.5 million.

H.R. 1219 updates the Miller Act to account for the current value of contracts and other factors. Specifically, the measure (1) requires general contractors to obtain payment bonds of an amount equal to the total value of the contract; (2) updates the methods by which a subcontractor may notify the general contractor of its intent to file a lawsuit for payment under the bond; and (3) requires that any waiver of a subcontractor’s right to sue on a payment bond be in writing, signed, and executed after the subcontractor has furnished labor or materials for use in the project.

### Costs/Committee Action:

CBO estimates that enactment will have no significant impact on the federal budget. The bill does not affect direct spending, so pay-as-you-go procedures do not apply.

The Government Reform Committee reported the bill by voice vote on May 19, 1999.



*Brendan Shields, 226-0378*

# Silk Road Strategy Act

H.R. 1152

Committee on International Relations

H.Rept. 106-\_\_\_\_

Introduced by Mr. Bereuter *et al.* on March 17, 1999

## Floor Situation:

The House is scheduled to consider H.R. 1152 under suspension of the rules on Monday, August 2, 1999. It is debatable for 40 minutes, may not be amended, and requires a two-thirds majority vote for passage.

## Summary:

H.R. 1152 authorizes U.S. assistance to support the economic and political independence of the Central Asian states (Kazakhstan, Kyrgyzstan, Tajikistan, Uzbekistan, and Turkmenistan) and the Caucasus states (Armenia, Georgia, and Azerbaijan). The bill amends the 1961 Foreign Assistance Act (*P.L. 87-195*) to separate assistance for the Central Caucasus states from the assistance provided to the other former Soviet Union states under the existing Freedom Support Act (Chapter 11 of the Foreign Assistance Act).

Specifically, the bill cites the existing Freedom Support Act for types of U.S. assistance allowed to the states. Current law allows the following assistance: (1) technical assistance programs to support market-based economic and democratic reforms; (2) humanitarian assistance for refugees and internally displaced persons; and (3) programs for health, food, agriculture, energy, and transportation reform. In addition to these types of existing support, H.R. 1152 authorizes assistance for the rebuilding infrastructure destroyed by war, returning refugees and internally displaced people to their homes, and improving border control in the Caucasus and Central Asian states.

H.R. 1152 restricts U.S. aid to any country in the two regions that (1) engages in a consistent pattern of gross human rights violations; (2) transfers missiles or missile technology to another country; (3) supports international terrorism; (4) denies free and fair elections; or (5) is prohibited the Arms Export Control Act or by the 1991 Chemical and Biological Weapons Control and Warfare Elimination Act (regarding nuclear proliferation and the preparation to use biological or chemical weapons).

The bill also expresses the sense of Congress that the president should use all diplomatic means practical to press for an equitable, fair, and permanent resolution to the conflicts in the South Caucasus and Central Asia regions.

## Background:

The 1961 Foreign Assistance Act (*P.L. 87-195*) allows the U.S. to make development loans to certain countries. Funding under the law is used for programs such as aiding foreign nations with agricultural

improvements, population control, health care, education, infrastructure improvement, and trade expansion.

The Freedom Support Act, which is a portion of the Foreign Assistance Act, was designed to promote democracy in the republics of the former Soviet Union. The law authorizes additional monetary funding to the International Monetary Fund (IMF) to promote free markets in these republics. It also authorizes the U.S. to provide humanitarian assistance, as well as resources to support the destruction of nuclear and other weapons of mass destruction.

Republics such as Azerbaijan, Armenia, and Georgia have experienced unrest following the breakup of the Soviet Union. Specifically, the United States has blocked aid to Azerbaijan because of its aggression against Armenia, a conflict that stems from territorial boundaries. Since 1923, the Nagorno-Karabakh region of Azerbaijan has sought independence from Azerbaijan and assimilation into the state of Armenia. Following the demise of the Soviet Union, conflict worsened, resulting in thousands of deaths and 1.4 million refugees. On June 14, 1999, the worst cross-border fighting since the May 1994 cease-fire between the republics occurred, and additional small arms conflicts have occurred since this altercation.

### **Costs/Committee Action:**

A CBO cost estimate was unavailable at press time.

The International Relations Committee reported the bill by voice vote on July 22, 1999.



*Heather Valentine, 226-7860*  
*Haydn J. Richards, Jr., 226-2302*

# Certified Development Company Program Improvements Act H.R. 2614

Committee on Small Business  
H.Rept. 106-\_\_\_\_  
Introduced by Mr. Talent *et al.* on July 27, 1999

## Floor Situation:

The House is scheduled to consider H.R. 2614 under suspension of the rules on Monday, August 2, 1999. It is debatable for 40 minutes, may not be amended, and requires a two-thirds majority vote for passage.

## Summary:

H.R. 2614 amends the 1958 Small Business Investment Act (*P.L. 85-699*) to improve the Small Business Administration's 504 loan program. The 504 loan program offers small businesses long-term loans with fixed-rate financing for major fixed assets (e.g., land or buildings).

The bill increases the maximum regular loan/debenture from \$750,000 to \$1 million and the public policy loan/debenture from \$1 million to \$1.3 million. These increases reflect growth in inflation since the establishment of the current loan/debenture rate. The bill also makes women-owned businesses eligible for debentures.

The bill authorizes the SBA to continue to levy fees under the 504 program on a borrower, a Certified Development Company (CDC), and a participating bank until October 1, 2003. Under current law, these fees will sunset on October 1, 2000. Under the 504 program, the bank pays a one-time fee; however, the borrower and CDC pay a percentage of the outstanding balance annually. A CDC is a nonprofit corporation set up to contribute to community economic development. CDCs work with the Small Business Administration (SBA) and private-sector lenders to provide financing to small businesses.

The bill grants the Premier Certified Lends Program (PCLP) permanent status. Currently, the demonstration program is set to terminate at the end of FY 2000.

The bill requires the SBA to give any certified lender with contingent liability 90 days notice prior to including a defaulted loan in a bulk sale of loans. In addition, the bill prohibits the sale of any loan without permitting prospective purchasers to examine SBA records on the loan.

H.R. 2614 creates a program to allow CDCs to handle the liquidation of defaulted loans, replacing a pilot program authorized by the 1997 Small Business Reauthorization Act (*P.L. 105-135*). The creation of a permanent program allows the Office of Management and Budget (OMB) to score savings achieved by the program when computing the subsidy rate for the 504 program. To participate in the liquidation program, a CDC must (1) have made at least 10 loans per year for the last three years and have at least one employee with two years of liquidation experience or (2) be a member of the Accredited Lenders

Program with at least one employee with two years of liquidation experience. In addition, such CDCs must receive training in liquidating defaulted loans. PCLP participants and participants in the pilot program automatically qualify.

The liquidation program:

- \* grants CDCs the authority to litigate as necessary to foreclose and liquidate; however, the SBA may assume control of the litigation if it determines that the outcome will adversely affect SBA's management of the program or if SBA has additional legal remedies not available to the CDC;
- \* requires participants to submit a liquidation plan to the SBA for approval. The SBA has 15 days to approve, deny, or express concern with the plan. The SBA approval of routine liquidation activities is not required;
- \* allows CDCs to purchase debts or loans with SBA approval (the SBA must respond to such a request within 15 days);
- \* requires CDCs to seek SBA approval of workout plans (the SBA must respond to such a request within 15 days); and
- \* allows CDCs to compromise debts or loans with SBA approval (the SBA must grant, deny, or explain such approval within 15 days).

### **Costs/Committee Action:**

A CBO cost estimate was unavailable at press time.

The Small Business Committee reported H.R. 2614 by voice vote on July 29, 1999.



*Mary Rose Baker, 226-6871*

# General Business Loan Improvements Act

## H.R. 2615

Committee on Small Business  
H.Rept. 106-\_\_\_\_  
Introduced by Mr. Talent *et al.* on July 27, 1999

### Floor Situation:

The House is scheduled to consider H.R. 2615 under suspension of the rules on Monday, August 2, 1999. It is debatable for 40 minutes, may not be amended, and requires a two-thirds majority vote for passage.

### Summary:

H.R. 2615 amends the Small Business Act (*P.L. 85-536*) to improve the general business loan program. The Small Business Administration's (SBA) 7(a) Loan Guaranty Program provides loans to small businesses unable to secure financing on reasonable terms through normal lending channels. Private-sector lenders provide such loans, which are guaranteed by the SBA. Specifically, the bill:

- \* increases the guarantee percentage on loans of \$150,000 or less from 75 percent to 80 percent. Currently, the 80 percent guarantee applies only to loans of \$100,000 or less;
- \* increases the maximum guarantee amount from \$750,000 to \$1 million;
- \* increases the maximum gross loan to \$2 million and prohibits the SBA from guaranteeing any loan greater than \$2 million;
- \* eliminates a provision that reduced the SBA's liability for accrued interest on defaulted loans;
- \* lowers the guarantee fee from three percent to two percent for loans of less than \$150,000. Currently, the two percent fee applies only to loans of less than \$100,000;
- \* allows lenders to retain up to 25 percent of the guarantee fee on loans of up to \$150,000; and
- \* allows borrowers to lease up to 20 percent of a property in which they occupy the remaining 80 percent. Under current law, loans must be used for property that will be used solely by the borrower.

In addition, the bill reduces the incentive for the early repayment of 7(a) loans by assessing a fee to the borrower for early repayment of any loan with a term longer than 15 years. The bill defines early prepayments as any prepayment made within three years after the loan disbursement. The prepayment fee is (1) five percent in the first year; (2) three percent in the second year; and (3) one percent in the third year. The fee will be based on excess prepayment, which is prepayment of more than 25 percent of the outstanding loan amount.

**Costs/Committee Action:**

A CBO cost estimate was unavailable at press time.

The Small Business Committee reported H.R. 2615 by voice vote on July 29, 1999.



*Mary Rose Baker, 226-6871*

# Designating the Tom Foley Federal Building and U.S. Courthouse

## H.R. 211

Committee on Transportation & Infrastructure  
No Report Filed  
Introduced by Mr. Nethercutt *et al.* on January 6, 1999

### Floor Situation:

The House is scheduled to consider H.R. 211 under suspension of the rules on Monday, August 2, 1999. It is debatable for 40 minutes, may not be amended, and requires a two-thirds majority vote for passage.

### Summary:

H.R. 211 designates (1) the federal building and U.S. courthouse located at West 920 Riverside Avenue in Spokane, Washington, as the Thomas S. Foley Federal Building and United States Courthouse; and (2) the plaza located at the south entrance of the building and courthouse as the Walter F. Horan Plaza.

Mr. Foley, born in Spokane on March 6, 1929, graduated from the University of Washington Law School in 1957 and practiced law in Spokane. Early in his career, he served as deputy prosecuting attorney for Spokane County, assistant attorney general for Washington state, and special counsel to the Senate Committee on Interior and Insular Affairs. In 1964, Foley was elected to Congress and served the 5<sup>th</sup> District of Washington for 30 years. During his congressional tenure, he served as chairman of the Agriculture Committee, majority whip, majority leader; and finally as Speaker of the House, where he served as the last Democratic Speaker of the 20<sup>th</sup> Century before the landslide Republican victory in 1995. Foley currently serves as Ambassador to Japan.

Walter F. Horan, born in 1898, preceded Mr. Foley and served the 5<sup>th</sup> District for 22 years through 1964. Mr. Horan was known a consummate advocate of western interests and was instrumental in securing funding for construction of the federal building and courthouse. He died in 1966 and is buried in his hometown of Wenatchee, Washington.

### Costs/Committee Action:

A CBO cost estimate was unavailable at press time.

The bill was not considered by a House committee.



Kevin Smith, 226-7862

# Twenty-First Amendment Enforcement Act

## H.R. 2031

Committee on the Judiciary

H.Rept. 106-265

Introduced by Mr. Scarborough *et al.* on June 7, 1999

### Floor Situation:

The House is scheduled to consider H.R. 2031 on Tuesday, August 3, 1999. The Rules Committee is scheduled to meet on the bill at 5:00 p.m. on Monday, August 2. Additional information on the rule and potential amendments will be provided in a *FloorPrep* prior to floor consideration.

### Summary:

H.R. 2031 amends the 1913 Webb-Kenyon Act to authorize the attorney general of any state or U.S. territory to seek enforcement—through a federal district court injunction—of a state law regulating the importation or transportation of intoxicating liquors. Under the bill, injunctive relief may be granted by the district court if the attorney general makes a “proper showing” that such a state law has been violated. The legislation is designed specifically to empower states to seek federal relief against entities that directly ship alcohol, especially over the Internet.

Supporters of the bill assert that states currently lack adequate means to enforce statutes that ban direct importation of alcohol, a right guaranteed by the 21<sup>st</sup> Amendment. Not only do states lose excise and sales tax revenues as a result, but violators of such laws are encouraged to continue disregarding the statutes. Supporters also argue that directly imported alcohol circumvents state inspection requirements. Alcohol is no ordinary commodity, and states have a legitimate interest in stemming direct importation as a means of restricting minors’ access to beer, wine, and liquor.

Opponents of H.R. 2031 counter that it insulates wine wholesalers from broader market competition, since small wineries account for the lion’s share of online sales; “protecting children” is merely a mantra to divert lawmakers’ attention from this dissembling. Critics contend that there is no available evidence to suggest that children—not typically considered wine-drinkers—are buying wine, or any alcoholic beverage for that matter, online. If states are interested in enhancing their enforcement capabilities, they should make direct importation a felony, as eight states have already done.

### Background:

In 1913, Congress enacted the Webb-Kenyon Act, which carved out an exception to the Commerce Clause of the Constitution (which grants Congress the power to regulate interstate commerce) to give states the power to regulate the importation and sale of alcohol within their own borders. The Webb-Kenyon Act was reenacted in its current form in 1935 following the ratification of the 21<sup>st</sup> Amendment, which repealed the 18<sup>th</sup> Amendment (Prohibition). States were thereafter permitted to regulate the distribution and sale of alcoholic beverages (i.e., distilled spirits, wine, and beer) within their borders.

In recent years, the Internet has enabled small wineries and breweries to expand their market access nationwide; however, since they manufacture only small amounts of alcohol, they have depended on direct sales online—thus circumventing wholesalers—to survive in the marketplace. Most states do not permit such direct sales. Neither the 21<sup>st</sup> Amendment nor the Webb-Kenyon Act includes any criminal or civil penalties for violations of its provisions; states that seek to bring an action against violators in federal court cannot obtain jurisdiction over the violators. The bill amends current law to provide states with a measure of federal enforcement power.

### **Costs/Committee Action:**

CBO estimates that implementing H.R. 2031 will cost less than \$500,000 annually, subject to the availability of appropriated funds. The bill does not affect direct spending, so pay-as-you-go procedures do not apply.

The Judiciary Committee reported the bill by voice vote on July 20, 1999.



*Scott Galupo, 226-2305*

# Workplace Preservation Act

H.R. 987

Committee on Education & the Workforce

H.Rept. 106-272

Introduced by Mr. Blunt *et al.* on March 4, 1999

## Floor Situation:

The House is scheduled to consider H.R. 987 on Tuesday, August 3, 1999. The Rules Committee is scheduled to meet on the bill at 5:00 p.m. on Monday, August 2. Additional information on the rule and potential amendments will be provided in a *FloorPrep* prior to floor consideration.

## Summary:

H.R. 987 requires the Secretary of Labor to wait for the National Academy of Sciences (NAS) to complete and submit to Congress its study of the cause-and-effect relationship between repetitive tasks in the workplace and musculoskeletal disorders or repetitive stress injuries before issuing standards or guidelines on ergonomics. The NAS, which received an \$890,000 contract authorized by the FY 1999 Omnibus Appropriations Act (*P.L. 105-277*), began its study on ergonomic hazards early this year. However, the Occupational Safety and Health Administration (OSHA) is proceeding with its plans to implement regulations on “ergonomics hazards”—i.e., injuries or disorders caused by repetitive use of the hands. On February 19, 1999, OSHA released its draft proposal for such a standard.

Supporters of the measure argue that “ergonomic hazards” are based on scant or incomplete scientific data. They express concern that the loose definition of such hazards—which currently includes disorders such as back pain—leaves open the possibility that the regulations proposed by OSHA may end up applying to injuries that occur outside the workplace. Furthermore, supporters of H.R. 987 contend that OSHA’s claim that such regulations will cost roughly \$3.5 billion a year is an egregious underestimation: Such costs are nearly impossible to predict and will undoubtedly impose on employers an unclear and costly standard.

Opponents of H.R. 987 counter that there already is sufficient scientific data to support an ergonomics standard—a 1997 report conducted by the National Institute for Occupational Safety and Health and a 1998 NAS workshop on ergonomics, for example. They claim that OSHA’s regulation of ergonomics will not be burdensome to employers; it will only require employers to take obvious and reasonable steps to avoid hazards. Moreover, opponents argue, no harm is done if OSHA merely proceeds with its draft proposals—the NAS study will not necessarily be preempted. Finally, employers are already implementing effective ergonomics programs, proof that enough is known about the hazard to warrant federal regulation.

## Background:

The 1970 Occupational Safety and Health Act (*P.L. 91-596*) authorizes the Labor Secretary to establish workplace safety and health standards. These standards must be based on scientific evidence and address a “significant risk of material health impairment.” In a March hearing before the Subcommittee on Workforce Protections, the Assistant Secretary of OSHA indicated that issuing an ergonomic standard was the agency’s top priority this year.

In 1990, OSHA loosely defined “ergonomic hazards” as those that cause or contribute to “repetitive motion trauma” or “cumulative trauma disorder.” How to define and diagnose these disorders is a much-debated question in medical journals. Indeed, even the most commonly recognized form of this disorder, “carpal tunnel syndrome,” lacks an agreed-upon definition, according to a *New York Times* article. OSHA nevertheless estimates that such hazards account for 34 percent of all workplace injuries and illnesses, an increase from the Labor Department’s 1990 estimate of three percent. The committee attributes the percentage spike to the definition of ergonomic hazards being expanded to include “musculoskeletal disorders” (MSDs), which are those that affect muscles, nerves, tendons, joints, etc.

In other words, ergonomic hazards are no longer confined to “repetitive stress”—such as that caused by typing or scanning items electronically in a supermarket checkout line—but include one-time exertions that cause back pain or muscle strain, for instance. This conflation found its way into a recent *Washington Post* article on repetitive stress injuries, which cited an OSHA statistic on MSDs—647,000 nationwide in 1996—as the figure for the total of “repetitive stress injuries.” The preponderance of MSDs are actually back pain, the cause of which is unclear: hence, the term “disorder” instead of “injury.”

In its proposal earlier this year, OSHA estimated that ergonomics regulations will cost businesses about \$3.5 billion a year, a figure much disputed. The committee notes that the Small Business Advocacy Review Panel stated that OSHA substantially underestimated the cost that ergonomic regulation will impose on small business owners. The National Economic Research Associates claimed in 1996 that federal ergonomic standards would cost the trucking industry alone more than \$6 billion a year.

## Costs/Committee Action:

A CBO cost estimate was unavailable at press time.

The Education & the Workforce Committee reported the bill by a vote of 23-18 on June 23, 1999.

## Other Information:

“Common but Confusing Workers’ Wrist Ailments,” *The New York Times*, July 21, 1999, p. D6; “Repetitive Stress Solutions,” *The Washington Post*, July 21, 1999, p. E1.



*Scott Galupo, 226-2305*

# Disapproving the Extension of Emigration Waiver Authority to Vietnam

H.J. Res. 58

Committee on Ways & Means

H.Rept. 106-\_\_

Introduced by Mr. Rohrabacher on June 9, 1999

## Floor Situation:

The House is scheduled to consider H.J. Res. 58 on Tuesday, August 3, 1999. Joint resolutions are privileged and may be considered any time three days after they are filed. On Friday, July 30, the House agreed to a unanimous consent request to provide one hour of general debate, equally divided between the chairman of the Ways & Means Committee (in opposition) and a member in support of the resolution. The agreement waives all points of order against the resolution and its consideration.

## Summary:

H.J.Res. 58 disapproves President Clinton's decision to issue a waiver for Vietnam from the freedom of emigration requirements in the 1974 Trade Act based on his finding that the waiver would substantially promote achievement of the emigration objectives. The president's waiver makes Vietnam eligible for certain U.S. government financial incentives, such as loan credits and guarantees. Currently, Vietnam does not enjoy normal trade relations (NTR) with the U.S.; if it did, it would still be subject to the freedom of emigration requirements in the Trade Act of 1974, which would have to be met or waived by the President on an annual basis. On June 3, 1999, the president renewed Vietnam's waiver for an additional year. The president's action continues in effect unless Congress passes a joint resolution disapproving the extension within 60 days of the July 3 effective date. In 1998, the House defeated a similar resolution (H.J.Res. 120; H.Rept. 105-653) by a vote of 163-260.

The resolution is controversial. Proponents of the waiver argue that the U.S. has a strong economic interest in Vietnam's emerging economy. They argue that the U.S. has a strategic interest in promoting stability and economic development by integrating Vietnam more fully into the present East Asian economic and political order. They also contend that we have seen positive results since the 1994 normalization and maintain that the record has shown that incrementally building a bilateral relationship with Vietnam supports the foreign policy goals of the United States. Opponents of the waiver for Vietnam counter that the country has failed to fully account for U.S. military personnel who were Prisoners of War/Missing in Action (POW/MIAs) during the Vietnam conflict. They contend that the president's decision ignores the rigid communist structure of the Hanoi government, as well as the poor state of human rights in Vietnam, where freedom of speech, religion, and assembly are denied to average citizens.

## Background:

The Jackson-Vanik provisions of the 1974 Trade Act (*P.L. 93-618*) prohibit countries with nonmarket economies from engaging in trade operations with the U.S. if those countries (1) deny citizens the right or

opportunity to emigrate to other countries, including the U.S.; (2) impose more than a nominal tax on emigration, documents used for emigration, or for other purposes; or (3) impose more than a nominal tax or other charge on citizens if they express a desire to emigrate to another country. A country subject to the law may gain NTR treatment and coverage by U.S. trade financing programs by complying with the freedom of emigration provisions. The extension of NTR tariff treatment also requires the conclusion and approval by Congress of a bilateral commercial agreement with the U.S. providing for reciprocal non-discriminatory treatment.

In addition, the president may waive the freedom-of-emigration requirements and extend NTR status to communist countries if doing so “substantially promotes” freedom of emigration in that country. Generally, allowing citizens of other nations to freely emigrate to the U.S. allows the native country to enjoy certain financial benefits, such as access to U.S. government credits and investment guarantees (similar to those administered by the Overseas Private Investment Corporation (OPIC), the Export-Import Bank (Ex-Im Bank), and the Department of Agriculture.

### **U.S./Vietnamese Relations**

The U.S.-Vietnam economic and diplomatic relations remained precarious for over a decade during the post-Vietnam War period. The Carter Administration took several steps to improve relations with Vietnam. In 1977, President Carter sent a commission to Vietnam and allowed the country to be admitted into the United Nations. The United States proposed that diplomatic relations be established quickly between the two countries, after which the U.S. would lift export and asset controls on Vietnam. The Vietnamese responded that they would neither agree to establish relations or furnish information on U.S. POW/MIAs until the United States pledged to provide several billion dollars in postwar reconstruction aid. They later modified this position and provided some limited information on MIAs, even though the United States provided no aid. In 1977, Congress went on record as strongly opposing U.S. aid to Vietnam.

These developments had a long-term negative effect on U.S.-Vietnamese relations. Vietnam expelled hundreds of thousands of its citizens, aligned itself economically and militarily with the Soviet Union, invaded Cambodia, and eventually fought a war with China. The Carter Administration halted any consideration of improved relations with Vietnam, and instead worked closely with the members of the Association of Southeast Asian Nations (ASEAN) to condemn and contain the Vietnamese expansion and cope with the influx of refugees from Indochina.

President Reagan opposed NTR with Vietnam until the country withdrew Vietnamese forces from Cambodia. The administration made progress toward normal relations contingent on Vietnam fully cooperating in supplying the U.S. with the fullest possible accounts of U.S. personnel listed as POW/MIAs. Following a visit to Hanoi by a U.S. presidential delegation in 1987, Vietnam returned hundreds of sets of remains said to be those of U.S. MIAs. Some, but not most, were confirmed as those of Americans. From 1974 to 1992, Vietnam returned the remains of over 300 Americans. Several U.S. POW/MIA analysts believe that the Vietnamese warehoused several hundred remains and tactically released them in increments. The Bush Administration decided on July 18, 1990, to seek contacts with Vietnam to assist international efforts to reach a peace agreement in Cambodia, but only if Vietnam withdrew forces from Cambodia and sought a peace settlement there.

In 1991, the U.S. eased travel restrictions of Vietnamese diplomats to certain U.S. cities, and cooperation with Vietnam improved after the U.S. provided \$1 million for humanitarian aid, mostly for prosthetics. In

1992, Vietnam began to offer more information on POW/MIA matters, including allowing U.S. investigators access to pursue “live sightings” reports. In response, the U.S. provided \$3 million in humanitarian aid to the country, agreed to restore direct telecommunications with Vietnam, and lifted restrictions on projects in Vietnam by U.S. nongovernmental organizations.

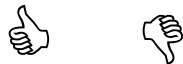
U.S.-Vietnam relations have improved steadily after 1992. In 1994, President Clinton lifted the U.S. trade embargo on Vietnam. In 1995, the president established diplomatic relations, opened the U.S. Embassy, and announced his decision to establish normal trade relations with the country. In 1997, the president appointed former Congressman Pete Peterson as U.S. Ambassador to Vietnam.

By 1998, 450 U.S. companies were working in Vietnam, and U.S. investment in the country was valued at approximately \$1 billion. In that year, two-way trade between the countries amounted to approximately \$827.6 million, with a U.S. trade deficit of \$279 million. On January 1, 1999, Vietnam withdrew what it considers to be most-favored nation (MFN) trading status from countries with which it does not have a bilateral trade agreement. As a result, the United States, Japan, and others were subject to a 50 percent increase in tariffs. On February 13, 1999, Vietnam temporarily restored MFN trading status for the U.S. for one year. On July 25, the United States and Vietnam agreed in principle on a bilateral trade agreement, which is expected to be finalized in the near future.

### **Costs/Committee Action:**

The resolution may affect direct spending if credit-guaranteed sales of farm products to Vietnam are prohibited. However, CBO estimates that such sales are likely to be insignificant. The bill may affect direct spending, so pay-as-you-go procedures apply.

The Ways & Means Committee reported the bill unfavorably (*i.e.*, disapproved, but still moved to the House floor) by voice vote on July 1, 1999.



*Laura Keehner, 226-2302*